

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Chester Township	County Ottawa
Audit Date 3/31/05	Opinion Date 6/24/05	Date Accountant Report Submitted to State: 10/13/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Hungerford, Aldrin, Nichols & Carter, PC			
Street Address 2910 Lucerne Drive SE	City Grand Rapids	State MI	ZIP 49546
Accountant Signature <i>Hungerford, Aldrin, Nichols & Carter, P.C.</i>		Date 10/13/05	

CHESTER TOWNSHIP
Ottawa County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2005

CHESTER TOWNSHIP
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For the year ended March 31, 2005

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

June 24, 2005

The Township Board
Chester Township
Ottawa County, Michigan

We have audited the accompanying financial statements of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Chester Township (the "Township") as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental and business-type activities, the major funds and the aggregate remaining fund information of Chester Township as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the Township has implemented a new financial reporting model, as required by the provisions of Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of April 1, 2004.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Chester Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

CHESTER TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

As management of the Chester Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets increased by \$136,679 (or 5 percent).
- Total expenses of the Township's programs were \$465,166.
- Total revenues, including all program and general revenues, were \$601,845.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$1,174,291, an increase of \$185,229 over the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$263,024, or 91 percent of total General Fund expenditures.
- The Township's Sewer Enterprise Fund had \$1,024,078 in net assets at year-end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The business-type activity of the Township is the Sewer Enterprise Fund.

CHESTER TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

The government-wide financial statements can be found on pages 12-13 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund, Fire Fund, Road Fund and Improvement Revolving Fund, all of which are considered to be major funds. Data from the other two governmental funds is combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 14-24 of this report.

The Township adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Township maintains the Sewer Enterprise Fund to account for its sanitary sewer usage operation and maintenance. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary funds provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 29-40 of this report.

CHESTER TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Government –Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Chester Township, assets exceeded liabilities by \$2,820,760 at the close of the fiscal year.

A substantial portion of the Township's net assets, \$1,160,235 (41 percent), reflects its investment in capital assets (e.g. land, buildings, sewer system, vehicles, equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The Statement of Net Assets provides financial information on the Township as a whole as of March 31, 2005.

	Governmental Activities	Business-type Activities	Total
Assets			
Current assets	\$ 1,179,543	\$ 271,167	\$ 1,450,710
Capital assets	622,391	1,205,844	1,828,235
Restricted assets	—	230,000	230,000
Total Assets	1,801,934	1,707,011	3,508,945
Liabilities			
Current liabilities	5,252	21,933	27,185
Long-term liabilities	—	661,000	661,000
Total Liabilities	5,252	682,933	688,185
Net Assets			
Invested in capital assets, net of related debt	622,391	537,844	1,160,235
Restricted	—	445,999	445,999
Unrestricted	1,174,291	40,235	1,214,526
Total Net Assets	\$ 1,796,682	\$ 1,024,078	\$ 2,820,760

An additional portion of the Township's net assets, \$445,999 (16 percent) represents resources that are subject to external restrictions on how they may be used. The Township may use the remaining balance of unrestricted net assets of \$1,214,526 (43 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, and for its separate governmental and business-type activities.

CHESTER TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2005:

	Governmental Activities	Business-type Activities	Total
Program Revenues			
Charges for services	\$ 22,026	\$ 29,688	\$ 51,714
General Revenues			
Property taxes	259,857	—	259,857
State/intergovernmental revenue	196,128	—	196,128
Interest earnings	18,786	25,673	44,459
Other	10,187	—	10,187
Gain on sale of capital assets	39,500	—	39,500
Total Revenues	546,484	55,361	601,845
Expenses			
General government	167,312	—	167,312
Public safety	134,544	—	134,544
Public works	51,792	—	51,792
Recreational and cultural	11,059	—	11,059
Other township	20,796	—	20,796
Sewer operations	—	79,663	79,663
Total Expenses	385,503	79,663	465,166
Increase (decrease) in net assets	160,981	(24,302)	136,679
Net Assets - Beginning of Year	1,635,701	1,048,380	2,684,081
Net Assets - End of Year	\$ 1,796,682	\$ 1,024,078	\$ 2,820,760

The Township's total net assets increased by \$136,679 during the fiscal year ending March 31, 2005, attributable mainly to property tax valuation increases and budget restraints implemented to compensate for the reduction in state revenue sharing.

Governmental activities increased the Township's net assets by \$160,981. Key elements of this change are as follows:

- Property taxes decreased by \$64,036 (19 percent). This change is a product of new construction in the Township and increased valuations on existing properties, combined with a reduction in the road millage tax rate.
- Governmental funds' expenditure budgets for 2004-05 decreased over \$312,000 compared to 2003-04 amounts due to the planning and oversight of the Township Board and a reduction in road improvement expenditures.

CHESTER TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Business-type activities (sewer operations) decreased the Township's net assets by \$24,302, mainly due to depreciation expense on sewer system assets and interest expense on sewer long-term debt.

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$1,174,291, a increase of \$185,229 in comparison with the prior year. 100 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

Chester Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$351,370, total expenditures of \$238,457, and transfers to other funds of \$55,000. It ended the year with a fund balance of \$263,024, up from \$205,111 at March 31, 2004.

Revenue sharing payments have dropped 16% since 2001. Careful budgeting has allowed us to avoid a reduction of services, however, it has been necessary to use fund balance monies to continue to balance the budget.

There have been no significant changes in our tax base that would allow us to recover from the revenue sharing losses.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$93,177, total expenditures of \$73,390 including transfers from the General Fund of \$5,000. It ended the year with a fund balance of \$207,455, up from \$182,668 at March 31, 2004.

Monies from this fund are being placed in savings for the purpose of acquiring additional fire fighting equipment.

The *Roads Fund* levies property taxes for road improvement purposes. The Fund had total revenues of \$97,638 and total expenditures of \$41,149. It ended the year with a fund balance of \$419,749, up from \$363,260 at March 31, 2004.

Our road millage was reduced from 5 mills in 2002-03 to 3 mills in 2003-04 and to 1.5 mills for 2004-05. The amount generated by this millage is approximately the amount needed to repave 1 ½ miles of road per year.

The *Improvement Revolving Fund* collects General Fund contributions to be used for future capital improvement projects. The Fund had total revenues of \$4,007, transfers from the General Fund of \$30,000 and total expenditures of zero. It ended the year with a fund balance of \$246,034, up from \$212,027 at March 31, 2004.

Monies are being placed in this fund for the purpose of constructing a new township office building.

CHESTER TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Nonmajor Funds

The *Park Fund* collects interest, grants and General Fund contributions for use in maintaining and improving the Township park. Total revenues were \$88, transfers from the General Fund were \$20,000 and expenditures totaled \$8,259. It ended the year with a fund balance of \$13,676, up from \$1,847 at March 31, 2004.

The *Budget Stabilization Fund* collects contributions from the General Fund to be used for future unbudgeted expenditures. Total revenues were \$204, transfers from the General Fund of zero and expenditures were zero. It ended the year with a fund balance of \$24,353, up from \$24,149 at March 31, 2004.

Proprietary fund. The Township's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The Sewer Enterprise Fund had total revenues of \$55,361, total expenses of \$79,663 and a decrease in net assets of \$24,302 from March 31, 2004. Other factors concerning the finances of this fund have already been addressed in the discussion of the Township's business-type activities.

If the projected growth that was built into the financial structure of the sewer system does not occur in the near future, increases in the fees charged to customers will have to be considered.

General Fund Budgetary Highlights

Over the course of the year, the Township revised the annual operating budget several times, but only at the line item level. The budget was not amended during the year at the department/function level.

Capital Asset and Debt Administration

Capital Assets

At March 31, 2005, the Township had a \$2,188,429 investment in a broad range of capital assets, including land, land improvements, sewer system, buildings and improvements, and furniture and equipment. (More detailed information about capital assets can be found in the notes to basic financial statements.)

Capital asset purchases totaled \$2,979 for the fiscal year with accumulated depreciation increasing \$54,150. The net book value of capital assets at March 31, 2005 is detailed as follows:

	Governmental Activities	Business-type Activities	Total
Land	\$ 55,700	\$ —	\$ 55,700
Land improvements	36,039	—	36,039
Buildings and improvements	307,077	—	307,077
Furniture and equipment	7,252	—	37,252
Vehicles	186,323	—	186,323
Sewer system	—	1,205,844	1,205,844
Net Capital Assets	\$ 622,391	\$ 1,205,844	\$ 1,828,235

- The sale of township owned property resulted in revenues of approximately \$36,000.

CHESTER TOWNSHIP
Management's Discussion and Analysis
March 31, 2005

Long-Term Debt

At year end, the Township had \$668,000 in bonds (sewer revenue) outstanding. Prior year debt balances were reduced by payments of \$7,000 during the current year. There is more detailed information about long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General Fund budget for 2005-06 anticipates very little change in year end fund balances for the General and Fire Funds. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenues and a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.
- An increase of approximately \$45,000 is anticipated for the Road Fund. These funds will be needed for future road improvement projects.

The need to find adequate facilities for our Township offices is a challenge we will face in the very near future. The reduction in revenue sharing has made it impossible for us to set monies aside for this project. We will need to look at the possibility of asking for a millage or incurring debt.

An expansion of our current sewer facilities, or the establishment of a new treatment district, may require a substantial investment on the part of the Township.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jan Redding, Township Clerk, Chester Township, 19340 32nd Avenue, Conklin, MI, 49403.

BASIC FINANCIAL STATEMENTS

CHESTER TOWNSHIP
Statement of Net Assets
March 31, 2005

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets			
Cash equivalents (Note B)	\$ -	\$ 75	\$ 75
Deposits (Note B)	1,103,952	223,429	1,327,381
Receivables:			
Taxes (Note C)	20,193	-	20,193
Accounts	1,353	16,513	17,866
Due from tax roll	-	4,959	4,959
Special assessments	-	24,260	24,260
Accrued interest	-	2,900	2,900
Due from other governmental units	28,674	-	28,674
Prepaid expenditures	24,402	-	24,402
Interfund balances	969	(969)	-
Total Current Assets	<u>1,179,543</u>	<u>271,167</u>	<u>1,450,710</u>
Noncurrent Assets			
Capital assets (Note E)	807,579	1,380,850	2,188,429
Less accumulated depreciation	<u>(185,188)</u>	<u>(175,006)</u>	<u>(360,194)</u>
Net capital assets	<u>622,391</u>	<u>1,205,844</u>	<u>1,828,235</u>
Restricted assets:			
Special assessments receivable	<u>-</u>	<u>230,000</u>	<u>230,000</u>
Total Noncurrent Assets	<u>622,391</u>	<u>1,435,844</u>	<u>2,058,235</u>
Total Assets	<u>1,801,934</u>	<u>1,707,011</u>	<u>3,508,945</u>
Liabilities			
Current Liabilities			
Accounts payable	5,252	-	5,252
Due to other governmental units	-	3,521	3,521
Accrued interest payable	-	11,412	11,412
Current portion of noncurrent liabilities (Note H)	<u>-</u>	<u>7,000</u>	<u>7,000</u>
Total Current Liabilities	<u>5,252</u>	<u>21,933</u>	<u>27,185</u>
Noncurrent Liabilities (Note A, H)			
Sewage disposal bonds payable	<u>-</u>	<u>661,000</u>	<u>661,000</u>
Total Liabilities	<u>5,252</u>	<u>682,933</u>	<u>688,185</u>
Net Assets			
Invested in capital assets, net of related debt	622,391	537,844	1,160,235
Restricted:			
Debt service	-	445,999	445,999
Unrestricted	<u>1,174,291</u>	<u>40,235</u>	<u>1,214,526</u>
Total Net Assets	<u>\$ 1,796,682</u>	<u>\$ 1,024,078</u>	<u>\$ 2,820,760</u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Statement of Activities
For the year ended March 31, 2005

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Governmental Activities	Business-Type Activities	
Governmental activities:					
General government	\$167,312	\$ 3,487	\$ (163,825)	\$ -	\$(163,825)
Public safety	134,544	18,539	(116,005)	-	(116,005)
Public works	51,792	-	(51,792)	-	(51,792)
Recreation and cultural	11,059	-	(11,059)	-	(11,059)
Other township	20,796	-	(20,796)	-	(20,796)
Total Governmental Activities	\$385,503	\$ 22,026	(363,477)	-	(363,477)
Business-type activities:					
Sewer enterprise fund	\$ 79,663	\$ 29,688	-	(49,975)	(49,975)
General revenues:					
Property taxes levied for:					
General operations			84,934	-	84,934
Fire			87,070	-	87,070
Roads			87,853	-	87,853
State revenue sharing			196,128	-	196,128
Interest earnings			18,786	25,673	44,459
Other			10,187	-	10,187
Gain on sale of capital assets			39,500	-	39,500
Total General Revenues			524,458	25,673	550,131
Change in Net Assets			160,981	(24,302)	136,679
Net Assets - Beginning of Year			1,635,701	1,048,380	2,684,081
Net Assets - End of Year			\$ 1,796,682	\$ 1,024,078	\$2,820,760

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2005

	General	Special Revenue		
		Fire	Road	Improvement Revolving
Assets				
Deposits (Note B)	\$ 219,939	\$ 187,143	\$ 412,807	\$ 246,034
Receivables:				
Taxes (Note C)	6,367	6,884	6,942	-
Accounts	1,226	-	-	-
Due from other funds (Note D)	2,742	-	-	-
Due from other governmental units (Note F)	27,394	1,280	-	-
Prepaid expenditures	10,372	14,030	-	-
Total Assets	<u>\$ 268,040</u>	<u>\$ 209,337</u>	<u>\$ 419,749</u>	<u>\$ 246,034</u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 5,016	\$ 236	\$ -	\$ -
Due to other funds (Note D)	-	1,646	-	-
Total Liabilities	<u>5,016</u>	<u>1,882</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Unreserved:				
Undesignated, reported in:				
General fund	263,024	-	-	-
Special revenue funds	-	207,455	419,749	246,034
Total Fund Balances	<u>263,024</u>	<u>207,455</u>	<u>419,749</u>	<u>246,034</u>
Total Liabilities and Fund Balances	<u>\$ 268,040</u>	<u>\$ 209,337</u>	<u>\$ 419,749</u>	<u>\$ 246,034</u>

See accompanying notes to basic financial statements.

<u>Other Governmental</u>	<u>Total</u>
\$ 38,029	\$ 1,103,952
-	20,193
-	1,226
-	2,742
-	28,674
-	24,402
<u>\$ 38,029</u>	<u>\$ 1,181,189</u>

\$ -	\$ 5,252
-	1,646
<u>-</u>	<u>6,898</u>

-	263,024
<u>38,029</u>	<u>911,267</u>
<u>38,029</u>	<u>1,174,291</u>
<u>\$ 38,029</u>	<u>\$ 1,181,189</u>

CHESTER TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2005

Total governmental fund balances	\$ 1,174,291
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$807,579 and accumulated depreciation is \$185,188.

622,391

Total net assets - governmental activities

<u>\$ 1,796,682</u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2005

		Special Revenue		
	General	Fire	Road	Improvement Revolving
Revenues				
Taxes	\$ 84,934	\$ 87,070	\$ 87,853	\$
Licenses and permits	18,539	-	-	-
State sources	193,118	-	3,010	-
Charges for services	3,487	-	-	-
Interest and rentals	4,828	2,884	6,775	4,007
Other revenue	46,464	3,223	-	-
Total Revenues	351,370	93,177	97,638	4,007
Expenditures				
Current:				
General government	166,917	-	-	-
Public safety	40,101	73,390	-	-
Public works	10,643	-	41,149	-
Recreation and cultural	-	-	-	-
Other township	20,796	-	-	-
Total Expenditures	238,457	73,390	41,149	-
Excess (Deficiency) of Revenues Over Expenditures	112,913	19,787	56,489	4,007
Other Financing Sources (Uses)				
Transfers in	-	5,000	-	30,000
Transfers out	(55,000)	-	-	-
Total Other Financing Sources (Uses)	(55,000)	5,000	-	30,000
Net Change in Fund Balances	57,913	24,787	56,489	34,007
Fund Balances, April 1	205,111	182,668	363,260	212,027
Fund Balances, March 31	\$ 263,024	\$ 207,455	\$ 419,749	\$ 246,034

See accompanying notes to basic financial statements.

Other Governmental	Total
\$	\$ 259,857
-	18,539
-	196,128
-	3,487
292	18,786
-	49,687
292	546,484
-	166,917
-	113,491
-	51,792
8,259	8,259
-	20,796
8,259	361,255
(7,967)	185,229
20,000	55,000
-	(55,000)
20,000	-
12,033	185,229
25,996	989,062
\$ 38,029	\$ 1,174,291

CHESTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended March 31, 2005

Net change in fund balances - total governmental funds \$ 185,229

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of these assets is capitalized
and the cost is allocated over their estimated useful lives as deprecia-
tion expense. This is the amount by which depreciation exceeded
capital outlays in the current period:

	Capital outlays	\$ 2,979	
	Depreciation expense	(27,227)	(24,248)
Total changes in net assets - governmental activities		\$	160,981

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 86,100	\$ 86,100	\$ 84,934	\$ (1,166)
Licenses and permits	20,000	20,000	18,539	(1,461)
State sources	180,000	180,000	193,118	13,118
Charges for services	5,000	5,000	3,487	(1,513)
Interest and rentals	1,500	1,500	4,828	3,328
Other revenue	4,340	4,340	46,464	42,124
Total Revenues	<u>296,940</u>	<u>296,940</u>	<u>351,370</u>	<u>54,430</u>
Expenditures				
Current:				
General government:				
Township board	4,476	4,476	4,952	(476)
Supervisor	14,684	14,684	15,223	(539)
Elections	2,745	2,745	2,463	282
Assessor	16,036	16,036	15,426	610
Legal and audit	23,000	23,000	16,236	6,764
Clerk	18,728	18,728	18,721	7
Board of review	746	746	373	373
General administration	56,880	56,880	56,581	299
Treasurer	21,255	21,255	18,801	2,454
Buildings and grounds	20,206	20,206	14,727	5,479
Cemetery	7,306	7,306	3,414	3,892
Total general government	<u>186,062</u>	<u>186,062</u>	<u>166,917</u>	<u>19,145</u>
Public safety:				
Law enforcement	13,500	13,500	11,862	1,638
Inspections	22,900	22,900	13,117	9,783
Planning	5,200	5,200	3,657	1,543
Zoning	11,865	11,865	11,465	400
Total public safety	<u>53,465</u>	<u>53,465</u>	<u>40,101</u>	<u>13,364</u>
Public works:				
Drains	2,000	2,000	-	2,000
Highways, streets and bridges	500	500	-	500
Street lighting	5,500	5,500	4,476	1,024
Weed control	6,500	6,500	5,350	1,150
Sewer and water system	-	-	817	(817)
Total public works	<u>14,500</u>	<u>14,500</u>	<u>10,643</u>	<u>3,857</u>
Other township	<u>35,200</u>	<u>35,200</u>	<u>20,796</u>	<u>14,404</u>
Total Expenditures	<u>289,227</u>	<u>289,227</u>	<u>238,457</u>	<u>50,770</u>
Excess of Revenues Over Expenditures	<u>7,713</u>	<u>7,713</u>	<u>112,913</u>	<u>105,200</u>
Other Financing Sources (Uses)				
Transfers out	<u>(55,000)</u>	<u>(55,000)</u>	<u>(55,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>(47,287)</u>	<u>(47,287)</u>	<u>57,913</u>	<u>105,200</u>
Fund Balances, April 1	<u>205,111</u>	<u>205,111</u>	<u>205,111</u>	<u>-</u>
Fund Balances, March 31	<u>\$ 157,824</u>	<u>\$ 157,824</u>	<u>\$ 263,024</u>	<u>\$ 105,200</u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 85,000	\$ 87,070	\$ 2,070
Interest and rentals	500	2,884	2,384
Other revenue	-	3,223	3,223
Total Revenues	<u>85,500</u>	<u>93,177</u>	<u>7,677</u>
Expenditures			
Current:			
Public safety	<u>91,752</u>	<u>73,390</u>	<u>18,362</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,252)</u>	<u>19,787</u>	<u>26,039</u>
Other Financing Sources			
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,252)</u>	<u>24,787</u>	<u>26,039</u>
Fund Balances, April 1	<u>182,668</u>	<u>182,668</u>	<u>-</u>
Fund Balances, March 31	<u><u>\$ 181,416</u></u>	<u><u>\$ 207,455</u></u>	<u><u>\$ 26,039</u></u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Road Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Taxes	\$ 110,000	\$ 87,853	\$ (22,147)
State sources	1,500	3,010	1,510
Interest and rentals	750	6,775	6,025
Total Revenues	<u>112,250</u>	<u>97,638</u>	<u>(14,612)</u>
Expenditures			
Current:			
Public works:			
Highways, streets and bridges	51,200	41,149	10,051
Net Change in Fund Balances	61,050	56,489	(4,561)
Fund Balances, April 1	<u>363,260</u>	<u>363,260</u>	<u>-</u>
Fund Balances, March 31	<u><u>\$ 424,310</u></u>	<u><u>\$ 419,749</u></u>	<u><u>\$ (4,561)</u></u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005

	Budget	Actual	Variance - Positive (Negative)
Revenues			
Interest and rentals	\$ 1,500	\$ 4,007	\$ 2,507
Expenditures	-	-	-
Excess of Revenues Over Expenditures	1,500	4,007	2,507
Other Financing Sources			
Transfers in	-	30,000	30,000
Net Change in Fund Balances	1,500	34,007	32,507
Fund Balances, April 1	212,027	212,027	-
Fund Balances, March 31	<u>\$ 213,527</u>	<u>\$ 246,034</u>	<u>\$ 32,507</u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Statement of Net Assets
Proprietary Fund
March 31, 2005

	Sewer Enterprise
Assets	
Current Assets	
Cash equivalents (Note B)	\$ 75
Deposits (Note B)	35,823
Receivables:	
Accounts	7,517
Due from tax roll	1,310
Restricted assets:	
Deposits (Note B)	187,606
Accounts receivable	8,996
Due from tax roll	3,649
Accrued interest	2,900
Special assessments - current portion	24,260
Total Current Assets	<u>272,136</u>
Noncurrent Assets	
Capital assets (Note E)	1,380,850
Less accumulated depreciation	<u>(175,006)</u>
Net capital assets	<u>1,205,844</u>
Restricted assets:	
Special assessments receivable	<u>230,000</u>
Total Noncurrent Assets	<u>1,435,844</u>
Total Assets	<u>1,707,980</u>
Liabilities	
Current Liabilities	
Due to other funds (Note D)	969
Due to other governmental units	3,521
Accrued interest payable	11,412
Current portion of noncurrent liabilities (Note H)	<u>7,000</u>
Total Current Liabilities	<u>22,902</u>
Noncurrent Liabilities (Note A, H)	
Sewage disposal bonds payable	<u>661,000</u>
Total Liabilities	<u>683,902</u>
Net Assets	
Invested in capital assets, net of related debt	537,844
Restricted:	
Debt service	445,999
Unrestricted	<u>40,235</u>
Total Net Assets	<u><u>\$ 1,024,078</u></u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Statement of Revenues, Expenditures and Changes in Fund Net Assets
Proprietary Fund
For the year ended March 31, 2005

	Sewer Enterprise
Operating Revenues	
Charges for services	\$ 24,828
Operating Expenses	
Salaries	2,159
Office supplies and postage	857
Operation and maintenance	14,094
Audit fees	1,200
Depreciation	26,924
Total Operating Expenses	45,234
Operating Loss	(20,406)
Nonoperating Revenues (Expenses)	
Interest earnings	25,673
Connection charges	4,860
Interest expense	(34,429)
Net Nonoperating Revenues (Expenses)	(3,896)
Change in Net Assets	(24,302)
Retained Earnings, April 1	1,048,380
Retained Earnings, March 31	\$ 1,024,078

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Statement of Cash Flows
Proprietary Fund
For the year ended March 31, 2005

	Sewer Enterprise
Cash Flows From Operating Activities	
Receipts from customers	\$ 25,237
Payments to suppliers	(16,151)
Payments to employees	(2,159)
Net Cash Provided By Operating Activities	<u>6,927</u>
Cash Flows From Capital and Related Financing Activities	
Collection of special assessments	4,300
Connection charges	4,860
Principal paid on bonds	(7,000)
Interest paid on bonds	(34,417)
Net Cash Used For Capital and Related Financing Activities	<u>(32,257)</u>
Cash Flows From Investing Activities	
Interest received	<u>32,673</u>
Net Increase In Cash and Cash Equivalents	7,343
Cash and Cash Equivalents, beginning of year	<u>216,161</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 223,504</u></u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) By Operating Activities	
Operating loss	\$ (20,406)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	26,924
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	1,323
(Increase) decrease in due from property tax roll	431
(Increase) decrease in special assessments receivable	5,827
(Increase) decrease in interest receivable	(7,000)
Increase (decrease) in due to other governmental units	434
Increase (decrease) in due to other funds	(618)
Increase (decrease) in accrued interest payable	<u>12</u>
Total adjustments	<u>27,333</u>
Net Cash Provided By Operating Activities	<u><u>\$ 6,927</u></u>

See accompanying notes to basic financial statements.

CHESTER TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
March 31, 2005

	<u>Agency Funds</u>
Assets	
Deposits (Note B)	<u>\$ 11,127</u>
Liabilities	
Due to other funds (Note D)	\$ 127
Escrow deposits	<u>11,000</u>
Total Liabilities	<u>\$ 11,127</u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note A – Description of the Township

Chester Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides the following services to its residents as provided by statute: public safety (fire and inspections), highways, streets and bridges, sanitation, parks and recreation, cultural, public improvements, planning and zoning, general administrative and other services.

The financial statements of Chester Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In the fiscal year ended March 31, 2005, the Township adopted GASB Statement No. 34, “*Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments.*” GASB Statement No. 34 requires new basic financial statements for reporting on the Township’s financial activities. The effect of this change was to include a management’s discussion and analysis (MD&A) section providing an analysis of the Township’s overall financial position and results of operation; include government-wide financial statements prepared on the full accrual basis of accounting; and include fund financial statements which present information with a focus on major funds, rather than on fund type.

The more significant of the Township’s accounting policies are described below.

1. The Reporting Entity

The accompanying financial statements present the Township of Chester. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Fund Financial Statements – The fund financial statements provides information about the Township’s funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Township reports the following major governmental funds:

The *General Fund* is the Township’s primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and capital improvements of the Township Fire Department.

The *Road Special Revenue Fund* accounts for property tax revenues levied to construct and maintain the streets and highways of the Township.

The *Improvement Revolving Special Revenue Fund* accounts for transfers from the General Fund to help fund future capital improvement projects in the Township.

The Township reports the following enterprise fund:

The *Sewer Enterprise Fund* accounts for the operation of the Township’s sanitary sewer system.

Additionally, the Township reports the following funds:

The *Park Special Revenue Fund* accounts for transfers from the General Fund to help the park system in the Township.

The *Budget Stabilization Special Revenue Fund* accrues interest to help stabilize the Township’s budget.

The *Trust Account Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with current period are all considered to susceptible to accrual and have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General and Special Revenue Funds.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

- Budget appropriations lapse at fiscal year-end.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act). The budget to actual revenues and expenditures in the financial statements represent the final budget as amended by the Township.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, sewer system, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, sewer system, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Sewer system	50 years
Vehicles	5-20 years
Furniture and equipment	5-15 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Deposits

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
- In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration.
- In commercial paper rated at the time of purchase within the 3 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
- In United States government or federal obligation repurchase agreements.
- In bankers' acceptances of United States banks.
- In mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

- In surplus funds investment pools.

The depositories actively used by the Township during the year were Fifth Third Bank and Mercantile Bank of West Michigan.

Balances at March 31, 2005 related to cash equivalents and deposits are detailed on the combined balance sheet as follows:

Cash equivalents	\$ 75
Deposits	<u>1,338,508</u>
	<u>\$ 1,338,583</u>

Cash Equivalents and Deposits

Cash equivalents consist of bank non-interest earning checking accounts. Deposits consist of bank interest earning checking and savings and certificates of deposits.

Cash equivalents and deposits at March 31, 2005, as shown by carrying amount and bank balance and classified by categories of credit risk, are itemized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured – FDIC	\$ 100,000	\$ 100,000
Uninsured:		
Uncollateralized (this includes any bank balance that is collateralized with securities held by the pledging bank or its trust department or agent but not in the Township's name.)	<u>1,238,583</u>	<u>1,242,863</u>
	<u>\$ 1,338,583</u>	<u>\$ 1,342,863</u>

Restricted Deposits

The Sewer Enterprise Fund collects a debt service charge from each customer and is required to maintain the accumulated balances in a separate debt service reserve account. The balance on hand at March 31, 2005 is \$187,606, which is included in the above totals.

Note C – General Property Taxes

Property taxes for the Township, Ottawa County, Northeast Ottawa Library, Muskegon and Ottawa Intermediate School Districts and Coopersville Public and Ravenna Public Schools become due and payable on December 1 of each year. Property taxes for Grand Rapids Community College and Kent Intermediate School District become due and payable July 1 of each year. Property taxes for the State of Michigan, Sparta Area and Kent City Community Schools become due and payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the General and Special Revenue Funds in the fiscal year levied, to the extent they are measurable and available.

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Ottawa County, Ottawa District Library, Grand Rapids Community College, Ottawa and Muskegon Intermediate School Districts, Coopersville Public Schools, Kent City Community Schools, Ravenna Public Schools and Sparta Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to the effect of the Headlee Amendment, actual tax levies were reduced to .9696 mills for 2004 – 05 general operations.

In addition, Township electors have authorized 1.50 mills to be levied for Fire Department operations and 5.0 mills for road improvements. Due to the effect of the Headlee Amendment, actual tax levies for 2004 – 05 Fire Department operations were reduced to 1.4875. Tax levies for road improvements were reduced in 2004 – 05 to 1.5 mills by a vote of the Township board.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2004	2003	2002	2001
Township taxes levied	\$ 231,911	\$ 303,708	\$ 395,734	\$ 478,074
Taxes collected:				
Current to March 1	213,264	283,213	365,808	434,173
Total to March 31, 2005	213,264	303,140	395,734	478,074
Percentages of collections:				
Current to March 1	91.96%	93.25%	92.44%	90.82%
Total to March 31, 2005	91.96%	99.81%	100.00%	100.00%

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon State Equalized Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2004 valuations in the following summary:

Year	Real	Personal	Total
2004	\$ 55,248,707	\$ 3,361,900	\$ 58,610,607
2003	52,497,950	4,266,100	56,734,050
2002	50,365,025	3,952,485	54,317,510
2001	47,307,062	3,924,385	51,231,447
2000	44,220,529	3,619,785	47,840,314
1999	42,016,454	3,362,054	45,378,508
1998	40,008,544	3,277,134	43,285,678

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Note D – Due From (To) Other Funds/Transfers In (Out)

Amounts due from (to) other funds representing interfund receivables and payables for 2004-05 interest earnings and payroll reimbursements at March 31, 2005 are detailed as follows:

	Due From	Due To
General Fund:		
Fire Special Revenue Fund	\$ 1,646	\$ —
Sewer Enterprise Fund	969	—
Trust Account Agency Fund	46	—
Tax Account Agency Fund	81	—
	<hr/>	<hr/>
Total General Fund	2,742	—
	<hr/>	<hr/>
Special Revenue Funds:		
Fire Fund:		
General Fund	—	1,646
Sewer Enterprise Fund:		
General Fund	—	969
Agency Funds:		
Trust Account Fund:		
General Fund	—	46
Tax Account Fund:		
General Fund	—	81
	<hr/>	<hr/>
Total Agency Funds	—	127
	<hr/>	<hr/>
Total All Funds	\$ 2,742	\$ 2,742
	<hr/>	<hr/>

Transfers between funds during the year ended March 31, 2005 were as follows:

	Transfers From	Transfers To
General Fund:		
Fire Special Revenue Fund	\$ —	\$ 5,000
Road Improvement Special Revenue Fund	—	—
Park Special Revenue Fund	—	20,000
Improvement Revolving Special Revenue Fund	—	30,000
	<hr/>	<hr/>
Total General Fund	\$ —	\$ 55,000
	<hr/>	<hr/>

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

	<u>Transfers From</u>	<u>Transfers To</u>
Special Revenue Funds:		
Fire Fund:		
General Fund	\$ 5,000	\$ —
Park Special Revenue Fund:		
General Fund	20,000	—
Improvement Revolving Special Revenue Fund:		
General Fund	30,000	—
Total Special Revenue Funds	55,000	—
Total All Funds	\$ 55,000	\$ 55,000

The transfers from the General Fund were made as a part of the 2004-05 budget process of the Township to support the Special Revenue Fund future operations.

Note E – General Fixed Assets

Capital asset activity for the year ended March 31, 2005 was as follows:

	<u>Balances April 1, 2004</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances March 31, 2005</u>
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 55,700	\$ —	\$ —	\$ 55,700
Capital assets being depreciated:				
Land improvements	50,405	—	—	50,405
Buildings and improvements	394,765	—	—	394,765
Furniture and equipment	52,994	2,979	—	55,973
Vehicles	250,736	—	—	250,736
Totals at historical cost	804,600	\$ 2,979	\$ —	807,579
Less accumulated depreciation for:				
Land improvements	\$ 11,846	\$ 2,520	\$ —	\$ 14,366
Buildings and improvements	77,670	10,019	—	87,688
Furniture and equipment	13,787	4,934	—	18,721
Vehicles	54,659	9,753	—	64,413
Total accumulated depreciation	157,962	\$ 27,226	\$ —	185,188
Net Capital Assets – Governmental Activities	\$ 646,638			\$ 622,391

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Depreciation expense was charged to Township activities as follows:

General government	\$ 3,374
Public safety	21,052
Recreational and cultural	<u>2,800</u>
	<u>\$ 27,226</u>

	<u>Balances April 1, 2004</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances March 31, 2005</u>
Business-Type Activities				
Capital assets being depreciated:				
Sewer system	\$ 1,380,850	\$ —	\$ —	\$ 1,380,850
Less accumulated depreciation	<u>148,082</u>	<u>26,924</u>	<u>—</u>	<u>175,006</u>
Net Capital Assets – Business-Type Activities	<u>\$ 1,232,768</u>			<u>\$ 1,205,844</u>

Note F – Receivables

Amounts shown as accounts receivable of the Sewer Enterprise Fund consists of current and delinquent sewer usage charges.

Amounts due from the general property tax roll represent sewer bills that are delinquent six months as of September 1 each year and are certified to the general property tax roll as of that date together with interest at 6% per annum. These amounts are then included with the general property taxes which become due and payable December 1 each year and become a lien on the property as of the date.

Note G – Due To Other Governmental Units

Payables of the Sewer Enterprise Fund represent operating expenses incurred during the 2005 – 04 fiscal year but paid subsequent to the close of the Township's fiscal year.

Note H – Long-Term Debt

Changes in long-term debt for the year ended March 31, 2005 are summarized as follows:

	<u>Balances April 1, 2004</u>	<u>Debt Added</u>	<u>Debt Retired</u>	<u>Balances March 31, 2005</u>
Enterprise Fund Debt				
Sewage Disposal Bonds:				
June 1, 1996	\$ 675,000	\$ —	\$ 7,000	\$ 668,000

CHESTER TOWNSHIP
Notes to Basic Financial Statements
March 31, 2005

Long-term bonds at March 31, 2005 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
Sewage Disposal Bonds				
\$733M 2003 Sewage Disposal Bonds:				
Annual maturities of 7M to 35M	June 1, 2036	5.125	<u>\$ 668,000</u>	<u>\$ 7,000</u>

The annual requirements to amortize the bonds outstanding as of March 31, 2005 are detailed below:

Year Ended March 31	Principal	Interest	Total
2006	\$ 7,000	\$ 34,056	\$ 41,056
2007	7,000	33,697	40,697
2008	7,000	33,338	40,338
2009	7,000	32,979	39,979
2010	8,000	32,595	40,595
2011	11,000	32,108	43,108
2012	11,000	31,544	42,544
2013	13,000	30,929	43,929
2014	15,000	30,212	45,212
2015	16,000	29,418	45,418
2016	18,000	28,547	46,547
2017	18,000	27,624	45,624
2018	20,000	26,650	46,650
2019	20,000	25,625	45,625
2020	20,000	24,600	44,600
2021	20,000	23,575	43,575
2022	20,000	22,550	42,550
2023	25,000	21,397	46,397
2024	25,000	20,116	45,116
2025	25,000	18,835	43,835
2026	30,000	17,425	47,425
2027	30,000	15,887	45,887
2028	30,000	14,350	44,350
2029	30,000	12,813	42,813
2030	30,000	11,275	41,275
2031	30,000	9,737	39,737
2032	35,000	8,072	43,072
2033	35,000	6,279	41,279
2034	35,000	4,485	39,485
2035	35,000	2,691	37,691
2036	35,000	897	35,897
	<u>\$ 668,000</u>	<u>\$ 664,306</u>	<u>\$ 1,332,721</u>

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CHESTER TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Deposits	\$ 219,939	\$ 174,463
Receivables:		
Taxes	6,367	5,428
Accounts	1,226	-
Due from other funds	2,742	6,918
Due from other governmental units	27,394	23,964
Prepaid expenditures	10,372	-
Total Assets	<u><u>\$ 268,040</u></u>	<u><u>\$ 210,773</u></u>
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 5,016	\$ 3,768
Payroll withholdings payable	-	1,894
Total Liabilities	<u>5,016</u>	<u>5,662</u>
Fund Balances		
Unreserved:		
Undesignated	<u>263,024</u>	<u>205,111</u>
Total Liabilities and Fund Balances	<u><u>\$ 268,040</u></u>	<u><u>\$ 210,773</u></u>

CHESTER TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended March 31, 2005 and 2004

	2005	2004
Taxes:		
Current property taxes	\$ 56,708	\$ 54,901
Street light assessment	2,698	2,727
Weed control assessment	3,762	6,850
Delinquent property taxes	104	20
Trailer fees	306	306
Penalties and interest on taxes	1,850	2,125
Property tax administration fees	19,506	14,509
	<u>84,934</u>	<u>81,438</u>
Licenses and permits:		
Building and other permits	18,539	24,881
State sources:		
Sales taxes	193,118	197,532
Charges for services:		
Board of review fees	2,029	1,000
Summer tax collection fees	1,133	2,917
Sale of cemetery lots	325	1,975
	<u>3,487</u>	<u>5,892</u>
Interest and rentals:		
Interest on deposits and investments	3,578	6,207
Rentals	1,250	1,650
	<u>4,828</u>	<u>7,857</u>
Other revenue:		
Reimbursements - septic tanks	4,954	2,160
Reimbursements for sewer expenses	130	2,931
Sale of property	39,500	-
Miscellaneous	1,880	-
	<u>46,464</u>	<u>5,091</u>
Total Revenues	<u><u>\$ 351,370</u></u>	<u><u>\$ 322,691</u></u>

CHESTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Current:		
General government:		
Township board:		
Salaries	\$ 4,348	\$ 4,348
Social Security	333	-
Seminars	271	91
	<u>4,952</u>	<u>4,439</u>
Supervisor:		
Salary	14,076	14,076
Social Security	1,077	-
Seminars	70	-
	<u>15,223</u>	<u>14,076</u>
Assessor:		
Salaries:		
Assessor	8,820	8,820
Deputy assessor	5,490	5,510
Social Security	1,096	-
Miscellaneous	20	2,636
	<u>15,426</u>	<u>16,966</u>
Legal and audit:		
Legal fees	11,236	15,986
Audit fees	5,000	9,750
	<u>16,236</u>	<u>25,736</u>
Clerk:		
Salaries:		
Clerk	14,490	14,490
Deputy	2,200	2,101
Social Security	1,277	-
Seminars	754	626
	<u>18,721</u>	<u>17,217</u>
Board of review:		
Salaries	82	973
Social Security	6	-
Seminars	285	-
	<u>373</u>	<u>973</u>
General administration:		
Administrative salaries	11,893	12,262
Social Security	915	-
Office supplies	4,091	2,851
Postage	1,231	790
Contracted services	264	325
Computer access charge	264	4,498
Computer software/support	17,838	-
Telephone	4,215	3,122
Travel and expenses	1,575	1,040
Printing and publishing	1,119	695
Newsletter	1,995	972
Equipment maintenance	-	4,556
Dues and memberships	1,624	1,449
Miscellaneous	1,369	3,274
Capital outlay	8,188	-
	<u>56,581</u>	<u>35,834</u>

(Continued)

CHESTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Treasurer:		
Salaries:		
Treasurer	\$ 13,455	\$ 13,455
Deputy	1,667	1,692
Social Security	1,157	-
Property tax administration system	2,287	2,362
Seminars	235	144
	<u>18,801</u>	<u>17,653</u>
Elections:		
Salaries	1,362	-
Social Security	104	-
Printing and publishing	682	-
Miscellaneous	315	-
	<u>2,463</u>	<u>-</u>
Buildings and grounds:		
Custodial and maintenance salaries	3,061	2,940
Social Security	234	-
Supplies	216	496
Contracted services	2,410	4,097
Heating	2,205	1,658
Electric	2,285	2,214
Repair and maintenance	3,158	18,672
Miscellaneous	422	795
Capital outlay	736	-
	<u>14,727</u>	<u>30,872</u>
Cemetery:		
Sexton salary	2,800	3,678
Social Security	214	-
Grounds maintenance	400	500
	<u>3,414</u>	<u>4,178</u>
Total general government	<u>166,917</u>	<u>167,944</u>
Public safety:		
Law enforcement	11,862	9,002
Inspections:		
Salaries:		
Building inspector	4,170	6,600
Electrical inspector	1,860	2,040
Plumbing inspector	2,160	1,590
Building office	3,167	-
Social Security	869	-
Travel and expenses	743	1,256
Miscellaneous	148	433
	<u>13,117</u>	<u>11,919</u>
Planning:		
Planning commission salaries	2,510	2,960
Social Security	192	-
Master plan development	40	3,858
Education	915	136
	<u>3,657</u>	<u>6,954</u>

(Continued)

CHESTER TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2005 and 2004

	2005	2004
Zoning:		
Zoning administrator salary	\$ 10,200	\$ 10,000
Zoning board of appeals	450	590
Social Security	815	-
	<u>11,465</u>	<u>10,590</u>
Total public safety	<u>40,101</u>	<u>38,465</u>
Public works:		
Drains:		
Drain maintenance	-	24
Highways, streets and bridges:		
Sidewalk maintenance	-	1,600
Street lighting:		
Utilities	4,476	4,696
Weed control:		
Contracted services	5,350	8,968
Sewer:		
Salaries:		
Sewer administrator	759	1,320
Social Security	58	-
Sewer billing	-	1,023
Supplies	-	150
	<u>817</u>	<u>2,493</u>
Total public works	<u>10,643</u>	<u>17,781</u>
Other township:		
Social Security taxes		8,149
Retirement	4,200	4,200
Insurance and bonds	12,156	7,655
Council on aging	-	5,000
Northwest Ambulance	3,000	3,000
Intergovernmental contributions	-	600
Tax refunds	1,440	-
Total other township	<u>20,796</u>	<u>28,604</u>
Capital outlay:		
Office equipment and furniture	-	17,002
Total Expenditures	<u>\$ 238,457</u>	<u>\$ 269,796</u>

NONMAJOR GOVERNMENTAL FUNDS

CHESTER TOWNSHIP
Combining Balance Sheet
Nonmajor Governmental Funds
March 31, 2005

	Special Revenue		Total
	Park	Budget Stabilization	
Assets			
Deposits	\$ 13,676	\$ 24,353	\$ 38,029
Liabilities and Fund Balances			
Liabilities	\$ -	\$ -	\$ -
Fund Balances			
Unreserved:			
Undesignated	13,676	24,353	38,029
Total Liabilities and Fund Balances	\$ 13,676	\$ 24,353	\$ 38,029

CHESTER TOWNSHIP
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended March 31, 2005

	Special Revenue		
	Park	Budget Stabilization	Total
Revenues			
Interest and rentals	\$ 88	\$ 204	\$ 292
Expenditures			
Current:			
Recreational and cultural	8,259	-	8,259
Excess (Deficiency) of Revenues Over Expenditures	(8,171)	204	(7,967)
Other Financing Sources			
Transfers in	20,000	-	20,000
Net Change in Fund Balances	11,829	204	12,033
Fund Balances, April 1	1,847	24,149	25,996
Fund Balances, March 31	<u>\$ 13,676</u>	<u>\$ 24,353</u>	<u>\$ 38,029</u>

CHESTER TOWNSHIP
Park Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005
With comparative actual amounts for the year ended March 31, 2004

	2005			2004
	Budget	Actual	Variance - Positive (Negative)	Actual
Revenues				
Interest and rentals	\$ 10	\$ 88	\$ 78	\$ 7
Expenditures				
Current:				
Recreation and cultural:				
Parks and recreation	18,800	8,259	10,541	13,548
Excess (Deficiency) of Revenues Over Expenditures	(18,790)	(8,171)	10,619	(13,541)
Other Financing Sources				
Transfers in	20,000	20,000	-	15,000
Net Change in Fund Balances	1,210	11,829	10,619	1,459
Fund Balances, April 1	1,847	1,847	-	388
Fund Balances, March 31	<u>\$ 3,057</u>	<u>\$ 13,676</u>	<u>\$ 10,619</u>	<u>\$ 1,847</u>

CHESTER TOWNSHIP
Budget Stabilization Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2005
With comparative actual amounts for the year ended March 31, 2004

	<u>2005</u>		<u>2004</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			<u>Actual</u>
Interest and rentals	\$ 100	\$ 204	\$ 104
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	100	204	104
Fund Balances, April 1	<u>24,149</u>	<u>24,149</u>	<u>-</u>
Fund Balances, March 31	<u>\$ 24,249</u>	<u>\$ 24,353</u>	<u>\$ 104</u>

SPECIAL REVENUE FUNDS

Fire Fund—to account for property taxes levied for fire prevention purposes.

Road Fund—to account for property taxes levied for road maintenance and construction purposes.

Park Fund—to account for contributions and General Fund transfers to be used for park maintenance and equipment.

Budget Stabilization Fund—to account for General Fund contributions and interest earnings to be used for future budgeted expenditures.

Improvement Revolving—to account for General Fund contributions to be used for future capital improvement projects.

**CHESTER TOWNSHIP
Fire Special Revenue Fund
Comparative Balance Sheet
March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Assets		
Deposits	\$ 187,143	\$ 178,777
Taxes receivable	6,884	5,537
Due from other governmental units	1,280	-
Prepaid expenditures	<u>14,030</u>	<u>-</u>
Total Assets	<u><u>\$ 209,337</u></u>	<u><u>\$ 184,314</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 236	\$ -
Due to other funds	<u>1,646</u>	<u>1,646</u>
Total Liabilities	<u>1,882</u>	<u>1,646</u>
Fund Balances		
Unreserved:		
Undesignated	<u>207,455</u>	<u>182,668</u>
Total Liabilities and Fund Balances	<u><u>\$ 209,337</u></u>	<u><u>\$ 184,314</u></u>

CHESTER TOWNSHIP
Fire Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	2005	2004
Revenues		
Taxes:		
Current property taxes	\$ 87,034	\$ 84,228
Delinquent property taxes	36	30
Total taxes	87,070	84,258
Interest and rentals:		
Interest on deposits	2,884	828
Other revenue:		
Miscellaneous	223	19
Sale of assets	3,000	-
Insurance reimbursements	-	104,076
Refunds of expenditures	-	1,795
Total other revenue	3,223	105,890
Total Revenues	93,177	190,976
Expenditures		
Current:		
Public safety:		
Fire department:		
Salaries:		
Fire chief	5,200	3,900
Deputy fire chief	2,600	1,950
Fire officers	5,620	4,215
Firefighters	13,295	13,274
Employee benefits:		
Social Security	2,079	2,075
Life/disability insurance	3,017	2,766
Workers' compensation insurance	1,141	999
Supplies	2,755	818
Gas and oil	1,134	675
Rescue supplies	193	527
Uniforms	1,807	47
Telephone	613	569
Education	1,035	270
Insurance and bonds	10,993	7,183
Heating	3,793	4,136
Electric	1,588	2,019
Sewer	300	300
Building maintenance	2,207	3,112
Equipment maintenance	1,442	820
Vehicle maintenance	3,353	2,182
Dues and memberships	800	750
Miscellaneous	291	719
Tax refunds	2,160	-
Buildings and improvements	1,277	58,114
New equipment	4,697	61,028
Total Expenditures	73,390	172,448

(Continued)

CHESTER TOWNSHIP
Fire Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Excess of Revenues Over Expenditures	<u>19,787</u>	<u>18,528</u>
Other Financing Sources		
Transfers in	<u>5,000</u>	<u>5,694</u>
Net Change in Fund Balances	24,787	24,222
Fund Balances, April 1	<u>182,668</u>	<u>158,446</u>
Fund Balances, March 31	<u><u>\$ 207,455</u></u>	<u><u>\$ 182,668</u></u>

**CHESTER TOWNSHIP
Road Special Revenue Fund
Comparative Balance Sheet
March 31, 2005 and 2004**

Assets	<u>2005</u>	<u>2004</u>
Deposits	\$ 412,807	\$ 352,478
Taxes receivable	<u>6,942</u>	<u>10,782</u>
Total Assets	<u><u>\$ 419,749</u></u>	<u><u>\$ 363,260</u></u>
 Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund balances		
Unreserved:		
Undesignated	<u>419,749</u>	<u>363,260</u>
Total Liabilities and Fund Balance	<u><u>\$ 419,749</u></u>	<u><u>\$ 363,260</u></u>

CHESTER TOWNSHIP
Road Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Taxes:		
Current property taxes	\$ 87,767	\$ 164,012
Delinquent property taxes	86	101
Interest and rentals:		
Interest on investments	6,775	1,889
State sources:		
Metro Act payment	<u>3,010</u>	<u>855</u>
Total Revenues	<u>97,638</u>	<u>166,857</u>
Expenditures		
Current:		
Public works:		
Highways, streets and bridges:		
Road improvements	34,948	240,504
Dust layer	456	1,277
Tax refunds	<u>5,745</u>	<u>-</u>
Total Expenditures	<u>41,149</u>	<u>241,781</u>
Excess (Deficiency) of Revenues		
Over Expenditures	<u>56,489</u>	<u>(74,924)</u>
Other Financing Sources		
Transfers in	<u>-</u>	<u>10,000</u>
Net Change in Fund Balances	56,489	(64,924)
Fund Balances, April 1	<u>363,260</u>	<u>428,184</u>
Fund Balances, March 31	<u><u>\$ 419,749</u></u>	<u><u>\$ 363,260</u></u>

**CHESTER TOWNSHIP
Park Special Revenue Fund
Comparative Balance Sheet
March 31, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
Assets		
Deposits	<u>\$ 13,676</u>	<u>\$ 1,847</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>13,676</u>	<u>1,847</u>
Total Liabilities and Fund Balance	<u>\$ 13,676</u>	<u>\$ 1,847</u>

CHESTER TOWNSHIP
Park Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Interest and rentals:		
Interest on deposits and investments	\$ 88	\$ 7
Expenditures		
Current:		
Recreation and cultural:		
Parks and recreation:		
Maintenance salaries	6,224	7,204
Social Security	476	574
Utilities	245	270
Grounds maintenance	1,232	1,424
Miscellaneous	82	52
Land improvements	-	4,024
Total Expenditures	<u>8,259</u>	<u>13,548</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(8,171)</u>	<u>(13,541)</u>
Other Financing Sources		
Transfers in	<u>20,000</u>	<u>15,000</u>
Net Change in Fund Balances	11,829	1,459
Fund Balances, April 1	<u>1,847</u>	<u>388</u>
Fund Balances, March 31	<u><u>\$ 13,676</u></u>	<u><u>\$ 1,847</u></u>

CHESTER TOWNSHIP
Budget Stabilization Special Revenue Fund
Comparative Balance Sheet
March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Deposits	<u>\$ 24,353</u>	<u>\$ 24,149</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>24,353</u>	<u>24,149</u>
Total Liabilities and Fund Balances	<u>\$ 24,353</u>	<u>\$ 24,149</u>

CHESTER TOWNSHIP
Budget Stabilization Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Interest and rentals:		
Interest on deposits	<u>\$ 204</u>	<u>\$ 115</u>
Expenditures	<u>-</u>	<u>-</u>
Net Change in Fund Balances	204	115
Fund Balances, April 1	<u>24,149</u>	<u>24,034</u>
Fund Balances, March 31	<u><u>\$ 24,353</u></u>	<u><u>\$ 24,149</u></u>

CHESTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Comparative Balance Sheet
March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Deposits	<u>\$ 246,034</u>	<u>\$ 212,027</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>246,034</u>	<u>212,027</u>
Total Liabilities and Fund Balances	<u>\$ 246,034</u>	<u>\$ 212,027</u>

CHESTER TOWNSHIP
Improvement Revolving Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Interest and rentals:		
Interest on deposits	<u>\$ 4,007</u>	<u>\$ 1,533</u>
Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>4,007</u>	<u>1,533</u>
Other Financing Sources		
Transfers in	<u>30,000</u>	<u>20,000</u>
Net Change in Fund Balances	<u>34,007</u>	<u>21,533</u>
Fund Balances, April 1	<u>212,027</u>	<u>190,494</u>
Fund Balances, March 31	<u><u>\$ 246,034</u></u>	<u><u>\$ 212,027</u></u>

ENTERPRISE FUND

Sewer Enterprise - to account for the provision of sewer services to the residents of the Township. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, operations, main- tenance, administration, debt service, construction and billing and collection.

CHESTER TOWNSHIP
Sewer Enterprise Fund
Comparative Balance Sheet
March 31, 2005 and 2004

Assets	<u>2005</u>	<u>2004</u>
Current Assets		
Cash equivalents	\$ 75	\$ -
Deposits	35,823	31,411
Receivables:		
Accounts	7,517	8,840
Due from tax roll	1,310	1,741
Restricted assets:		
Deposits	187,606	184,750
Accounts receivable	8,996	-
Due from tax roll	3,649	-
Accrued interest	2,900	9,900
Special assessments - current portion	24,260	-
Total Current Assets	<u>272,136</u>	<u>236,642</u>
Noncurrent Assets		
Capital assets	1,380,850	1,380,850
Less accumulated depreciation	(175,006)	(148,082)
Net capital assets	<u>1,205,844</u>	<u>1,232,768</u>
Restricted assets:		
Special assessments receivable	230,000	270,048
Total Noncurrent Assets	<u>1,435,844</u>	<u>1,502,816</u>
Total Assets	<u><u>\$ 1,707,980</u></u>	<u><u>\$ 1,739,458</u></u>
 Liabilities and Fund Equity		
Liabilities		
Current liabilities (payable from current assets):		
Due to other funds	\$ 969	\$ 1,587
Due to other governmental units	3,521	3,087
Accrued interest payable	11,412	11,400
Total current liabilities (payable from current assets)	<u>15,902</u>	<u>16,074</u>
Current liabilities (payable from restricted assets):		
Current portion of bonds payable	<u>7,000</u>	<u>7,000</u>
Total Current Liabilities	22,902	23,074
Long-term liabilities (net of current portion):		
Bonds payable	<u>661,000</u>	<u>668,000</u>
Total Liabilities	<u>683,902</u>	<u>691,074</u>
Fund Equity		
Retained earnings	<u>1,024,078</u>	<u>1,048,384</u>
Total Liabilities and Fund Equity	<u><u>\$ 1,707,980</u></u>	<u><u>\$ 1,739,458</u></u>

CHESTER TOWNSHIP
Sewer Enterprise Fund
Comparative Schedule of Revenues, Expenses and Changes in Retained Earnings
For the years ended March 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues		
Charges for services	\$ 24,828	\$ 22,485
Operating Expenses		
Salaries	2,159	2,931
Office supplies and postage	857	356
Operation and maintenance	14,094	12,167
Audit fees	1,200	2,000
Depreciation	26,924	26,924
Total Operating Expenses	45,234	44,378
Operating Loss	(20,406)	(21,893)
Nonoperating Revenues (Expenses)		
Interest earnings	25,673	25,446
Connection charges	4,860	4,920
Interest expense	(34,429)	(34,523)
Net Nonoperating Revenues (Expenses)	(3,896)	(4,157)
Net Loss Before Depreciation Credit	(24,302)	(26,050)
Credit for Depreciation on Contributed Assets	-	26,924
Net Income (Loss)	(24,302)	874
Retained Earnings, April 1	1,048,380	1,047,510
Retained Earnings, March 31	<u>\$ 1,024,078</u>	<u>\$ 1,048,384</u>

CHESTER TOWNSHIP
Sewer Enterprise Fund
Comparative Schedule of Cash Flows
For the years ended March 31, 2005 and 2004

	2005	2004
Cash Flows From Operating Activities		
Receipts from customers	\$ 25,237	\$ 25,883
Payments to suppliers	(16,151)	(22,172)
Payments to employees	(2,159)	(2,343)
Net Cash Provided By Operating Activities	<u>6,927</u>	<u>1,368</u>
Cash Flows From Capital and Related Financing Activities		
Collection of special assessments	4,300	20,110
Connection charges	4,860	-
Principal paid on bonds	(7,000)	(7,000)
Interest paid on bonds	(34,417)	(34,773)
Net Cash Used For Capital and Related Financing Activities	<u>(32,257)</u>	<u>(21,663)</u>
Cash Flows From Investing Activities		
Interest received	<u>32,673</u>	<u>23,296</u>
Net Increase In Cash and Cash Equivalents	7,343	3,001
Cash and Cash Equivalents, beginning of year	<u>216,161</u>	<u>213,160</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 223,504</u></u>	<u><u>\$ 216,161</u></u>
Reconciliation of Operating Income (Loss) To Net Cash Provided By (Used For) By Operating Activities		
Operating loss	\$ (20,406)	\$ (21,893)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	26,924	26,924
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	1,323	1,634
(Increase) decrease in due from property tax roll	431	101
(Increase) decrease in special assessments receivable	5,827	-
(Increase) decrease in interest receivable	(7,000)	-
Increase (decrease) in due to other governmental units	434	4,977
Increase (decrease) in due to other funds	(618)	421
Increase (decrease) in accrued interest payable	12	-
Total adjustments	<u>27,333</u>	<u>23,261</u>
Net Cash Provided By (Used For) Operating Activities	<u><u>\$ 6,927</u></u>	<u><u>\$ 1,368</u></u>

AGENCY FUNDS

Trust Account Agency—to account for the safekeeping of escrow deposits to the Township and the repayment to the persons entitled to receive the monies.

Tax Account Agency—to account for the collection of current and delinquent property taxes, dog licenses, delinquent special assessments and delinquent quarterly sewer charges and payment to the governmental units, funds or other persons entitled to receive these funds.

CHESTER TOWNSHIP
Agency Funds
Combining Balance Sheet
March 31, 2005
With comparative totals for March 31, 2004

	Trust Account	Tax Account	Totals	
			2005	2004
Assets				
Deposits	\$ 11,046	\$ 81	\$ 11,127	\$ 13,504
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 46	\$ 81	\$ 127	\$ 3,685
Due to other governmental units	-	-	-	2,839
Escrow deposits	11,000	-	11,000	6,980
Total Liabilities	11,046	81	11,127	13,504
Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 11,046	\$ 81	\$ 11,127	\$ 13,504

CHESTER TOWNSHIP
All Agency Funds
Combining Schedule of Changes in Assets and Liabilities
For the year ended March 31, 2005

	Balances April 1, 2004	Additions	Deductions	Balances March 31, 2005
Trust Account Fund				
Assets				
Cash equivalents	\$ -	\$ 3,500	\$ 3,500	\$ -
Deposits	7,009	7,537	3,500	11,046
Total Assets	<u>\$ 7,009</u>	<u>\$ 11,037</u>	<u>\$ 7,000</u>	<u>\$ 11,046</u>
Liabilities				
Due to other funds	\$ 29	\$ 37	\$ -	\$ 46
Escrow deposits	6,980	7,500	3,500	11,000
Total Liabilities	<u>\$ 7,009</u>	<u>\$ 7,537</u>	<u>\$ 3,500</u>	<u>\$ 11,046</u>
Tax Account Fund				
Assets				
Deposits	<u>\$ 6,495</u>	<u>\$ 1,698,963</u>	<u>\$ 1,705,377</u>	<u>\$ 81</u>
Liabilities				
Accounts payable	\$ -	\$ 4,585	\$ 4,585	\$ -
Due to other funds	3,656	273,291	276,866	81
Due to other governmental units	2,839	1,421,087	1,423,926	-
Total Liabilities	<u>\$ 6,495</u>	<u>\$ 1,698,963</u>	<u>\$ 1,705,377</u>	<u>\$ 81</u>
Totals - All Agency Funds				
Assets				
Cash equivalents	\$ -	\$ 3,500	\$ 3,500	\$ -
Deposits	13,504	1,706,500	1,708,877	11,127
Total Assets	<u>\$ 13,504</u>	<u>\$ 1,710,000</u>	<u>\$ 1,712,377</u>	<u>\$ 11,127</u>
Liabilities				
Accounts payable	\$ -	\$ 4,585	\$ 4,585	\$ -
Due to other funds	3,685	273,328	276,866	127
Due to other governmental units	2,839	1,421,087	1,423,926	-
Escrow deposits	6,980	7,500	3,500	11,000
Total Liabilities	<u>\$ 13,504</u>	<u>\$ 1,706,500</u>	<u>\$ 1,708,877</u>	<u>\$ 11,127</u>

OTHER INFORMATION

CHESTER TOWNSHIP
Summary of 2004 Taxes Levied and Collected
For the year ended March 31, 2005

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections</u>
<u>Ad Valorem Taxes</u>					
Ottawa County	\$58,610,607	4.2593	\$ 249,623	\$ 20,071	\$ 229,552
Ottawa District Library	58,610,607	0.5881	34,463	2,771	31,692
State Education Tax		6.0000			
Coopersville Public Schools	16,843,505		101,060	5,158	95,902
Kent City Community Schools	4,717,328		28,304	1,078	27,226
Ravenna Area Schools	16,865,961		101,194	9,115	92,079
Sparta Area Schools	20,183,813		121,102	2,826	118,276
			<u>351,660</u>	<u>18,177</u>	<u>333,483</u>
School Districts					
Kent Intermediate School District	24,901,141	4.5333	112,882	2,949	109,933
Muskegon Intermediate School District	16,865,961	3.7580	63,381	7,687	55,694
Ottawa Intermediate School District	16,843,505	4.2192	71,064	5,804	65,260
Grand Rapids Community College	24,901,141	1.7865	44,484	1,162	43,322
Coopersville Public Schools:					
Other	16,843,505	8.1500	137,273	11,212	126,061
Operating	2,057,344	18.0000	37,032	5,169	31,863
Kent City Community Schools:					
Other	4,717,328	9.2500	43,633	2,338	41,295
Operating	559,463	18.0000	10,070	203	9,867
Ravenna Public Schools:					
Other	16,865,961	7.0000	118,060	14,318	103,742
Operating	2,068,192	18.0000	37,227	9,308	27,919
Sparta Area Schools:					
Other	20,183,813	7.2252	145,825	5,189	140,636
Operating	3,918,000	17.7084	69,381	1,045	68,336
			<u>890,312</u>	<u>66,384</u>	<u>823,928</u>
Total School Districts					
Chester Township	58,610,607				
Operating		0.9696	56,823	4,569	52,254
Road improvement		1.5000	87,911	7,069	80,842
Fire protection		1.4875	87,177	7,009	80,168
Annual charges:					
Street lighting			2,698	459	2,239
Weed control			3,762	198	3,564
Delinquent sewer charges			12,751	4,929	7,822
Tax administration fees			17,571	1,261	16,310
			<u>268,693</u>	<u>25,494</u>	<u>243,199</u>
Total Township					
			<u>\$1,794,751</u>	<u>\$ 132,897</u>	<u>\$1,661,854</u>
Total Ad Valorem Taxes					

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

June 24, 2005

The Township Board
Chester Township
Ottawa County, Michigan

The following comments pertain to our audit of the financial records of Chester Township as of and for the year ended March 31, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Chester Township.

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The elected officials and management of Chester Township have the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter will advise the Township elected officials and management about the appropriateness of accounting policies and their application. The significant accounting policies used by Chester Township are described in Note A of the Notes to Basic Financial Statements in the Comprehensive Annual Financial Report. As described in Note A, Chester Township changed accounting policies related to financial reporting by adopting GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments in fiscal year 2004-05*

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing our audit of the financial records of Chester Township. We found that the internal control structure and accounting system was adequate and operating in the manner intended. The audit field work and preparation of the Comprehensive Annual Financial Report took longer than usual due to the expanded requirements of Governmental Standards Board Statement No. 34, mainly for the establishment of the Township initial capital asset and depreciation schedules.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$5,428 and \$6,367 to reverse and accrue prior and current year taxes receivable.
2. \$3,768 and \$3,107 to reverse and accrue prior and current year end accounts payable.
3. \$10,372 to record prepaid expenditures for 2005-06 insurance premiums paid prior to year end.
4. \$23,964 and \$27,284 to reverse and accrue final state revenue sharing payments receivable at year end.

Road Fund

1. \$10,762 and \$6,942 to reverse and accrue year end taxes receivable.

Fire Fund

1. \$5,537 and \$6,884 to reverse and accrue year end taxes receivable.
2. \$14,030 to record prepaid expenditures for 2005-06 insurance premiums paid prior to year end.

Sewer Enterprise Fund

1. \$26,924 to record 2004-05 depreciation expense on system assets.
2. \$10,581 and \$8,827 to reverse and accrue prior and current year end accounts receivable.
3. \$3,087 and \$3,521 to reverse and accrue prior and current year end accounts payable.
4. \$20,648 to classify special assessment collections to the proper revenue accounts.
5. \$10,375 to classify interest collected/earned on the certificate of deposit to the proper accounts.
6. \$24,119 to classify bond principal and interest payments to the proper accounts.

Passed Audit Adjustments

There were no adjustments proposed during the audit that were not recorded by Chester Township.

Suggestions And Recommendations

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting.

* * * * *

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Chester Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Chester Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Alden, Nichols & Co., P.C.

Certified Public Accountants